



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**[www.nj.gov/bpu/](http://www.nj.gov/bpu/)**

RELIABILITY AND SECURITY

IN THE MATTER OF THE PETITION OF SOUTH JERSEY )  
GAS COMPANY FOR AUTHORIZATION TO INCREASE )  
THE OPERATING PRESSURE ON THE 20" UNION )  
ROAD-ROUTE 49 CUMBERLAND LATERAL PIPELINE )  
FROM 350 PSIG TO 437 PSIG )

ORDER

DOCKET NO. GO09020137

(SERVICE LIST ATTACHED)

BY THE BOARD:

On February 13, 2009, South Jersey Gas Company ("Petitioner" or "SJG") filed a petition with the Board of Public Utilities ("Board"), pursuant to N.J.A.C. 14:7-1.4A seeking authorization from the Board to increase the operating pressure on its existing 20" Union Road – Route 49 Cumberland Lateral Pipeline (the "Pipeline") from 350 pounds per square inch gauge ("psig") to the Pipeline's maximum allowable operating pressure ("MAOP") of 437 psig. The subject rule provides that Board approval is required prior to the construction or operation of a natural gas pipeline above 250 psig that is located within 100 feet of any building intended for human occupancy.

The 5.9 mile Pipeline, which was constructed in September 1990 and designed, constructed and tested for an MAOP of 437 psig, is located in Cumberland County and provides natural gas service to the Connective Energy Cumberland Generating Station in the City of Millville. The Pipeline runs through the municipalities of Vineland, Millville and Maurice River Township. The request to increase pressure from 350 psig to 437 psig is necessary to ensure sufficient natural gas delivery pressure and flow to the recently-expanded Connective Energy Cumberland Generating Station.



On May 27, 2009, a public hearing in this matter, with Board Commissioner Nicholas Asselta serving as the presiding officer, was held in the Commission Chambers of Millville City Hall located at 12 South High Street, Millville, New Jersey. Notice of this hearing was published in The Vineland Journal newspaper on May 7, 2009, as well as mailed to the Division of Rate Counsel ("Rate Counsel"), the Division of Law, the Clerks of the affected municipalities, the Cumberland County Administrator and the Clerk of the Cumberland County Board of Chosen Freeholders and all property owners with structures located within at least 100 feet of the Pipeline.

At the public hearing, a presentation on behalf of Petitioner was made by Christian Castronova, Director of System Integrity for SJG. Mr. Castronova, who is a licensed professional engineer in the State of New Jersey, indicated that the Pipeline operates at the maximum allowable operating pressure currently established by a Class 4 location classification and that SJG was seeking to re-classify it to a Class 3 location. The effect of the re-classification would allow for a higher operating pressure to serve the Connective facility. Mr. Castronova further testified that a majority of the Pipeline, 4.6 miles, is in a Class 1 location area, which allows the highest operating pressures, and 1.3 miles of the Pipeline is located in a Class 3 location. Moreover, Mr. Castronova testified that along the Pipeline, there are no visible residences and that most of the land on both sides of the Pipeline included wildlife plants in the Class 1 location area. The Pipeline route includes 22 buildings intended for human occupancy within 100 feet of the existing Pipeline in the Class 3 location area.

Mr. Castronova further testified that the Pipeline will allow for additional electric infrastructure to operate in Cumberland County. In addition, Mr. Castronova spoke at length about the design, construction, protection and testing of the Pipeline and stated that in all respects, the Pipeline either met or in most instances, exceeded all applicable Federal and State requirements.

One member of the public appeared at the hearing for the purpose of making comments for the record. Joseph Isabella, Director of Vineland Municipal Electric Utility, spoke in favor of the upgrade. Mr. Isabella noted that upgrading the infrastructure for gas in Vineland goes hand-in-hand with Vineland's generation plans for the future.

Staff of the Bureau of Pipeline Safety of the Board's Division of Reliability and Security reviewed Petitioner's proposal and has determined that the pressure increase will ensure sufficient natural gas supply to the recently-expanded Connective Energy Cumberland Generating Station and will provide additional capacity for additional expansions. Staff further stated that the Pipeline is designed, constructed and certified by testing to operate up to 437 psig based on a Class 3 location. Based upon its review of the design, construction, maintenance, and pressure test records associated with this Pipeline, Staff opined that the Pipeline meets or exceeds State and Federal pipeline safety regulations.

Additionally, SJG performed an In-Line Inspection (ILI, or "smart-pig") of this entire pipeline on May 19, 2008. The findings of this inspection revealed that there were no indications of deformations (dents); however, there were five (5) external metal loss anomalies detected and one internal metal loss anomaly. None of the anomalies detected met the immediate repair or pressure reduction criteria and none were within a High Consequence Area as defined in



49 C.F.R. 192.905 . All five (5) external anomalies were investigated by the Company and have been mitigated and/or repaired. Staff has reviewed the ILI inspection findings relative to this Pipeline and requires the following actions be taken by the Company:

1. Prior to the pressure increase, the Company shall perform an ultrasonic mapping investigation of the internal metal loss anomaly detected in the 2008 ILI inspection and take any corrective or remedial action that may be necessary. This ultrasonic mapping investigation is to be performed to further clarify the significance of the findings of the ILI inspection. SJG will not be permitted to increase the operating pressure of the Pipeline from 350 psig to 437 psig until it has submitted its findings to the Bureau of Pipeline Safety Staff and received approval in writing from Staff to proceed with the requested pressure increase.
2. The Company shall conduct the next ILI inspection of this Pipeline within five (5) years of the 2008 ILI inspection and report its findings to Bureau of Pipeline Safety Staff for additional evaluation at that time. Based on the results of this assessment (to be conducted in or before 2013), future subsequent inspection intervals on this Pipeline segment may be considered to revert back to the "standard" re-assessment intervals that exist for SJG's other pipelines within the Company's Transmission Pipeline Integrity Management Program.

Rate Counsel submitted a letter dated July 15, 2009, stating that it does not object to the granting of the approval requested in the Petition. Rate Counsel requested inclusion of certain provisions which are detailed below.

No additional parties have sought to intervene in this matter or otherwise submitted opposition to the Petition

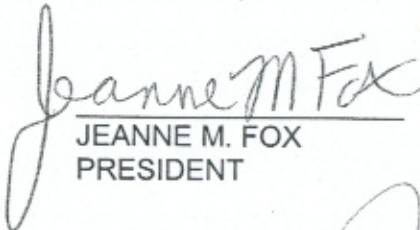
After consideration of all pertinent materials submitted in this matter, the Board HEREBY FINDS that Petitioner's request to increase the operating pressure of its 20" Union Road-Route 49 Cumberland Lateral Pipeline from 350 psig to 437 psig is reasonable and is in compliance with all relevant Federal and State requirements. Therefore, pursuant to the provisions of N.J.A.C. 14:7-1.4, the Board HEREBY APPROVES the request of South Jersey Gas Company to increase the operating pressure of its 20" Union Road-Route 49 Cumberland Lateral Pipeline from 350 psig to 437 psig, subject to the two conditions detailed above relative to the ILI inspection findings as well as the following:

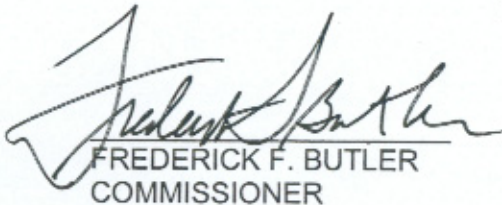
1. That the Order shall not be construed as directly or indirectly fixing for any purposes whatsoever the value of any tangible or intangible assets now owned or hereafter to be owned by the Company; and

2. That the Order shall not affect nor in any way limit the exercise of the authority of the Board or this State in any future petition or in any proceedings with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or in any other matters affecting the Company.

DATED: 7/31/09


BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

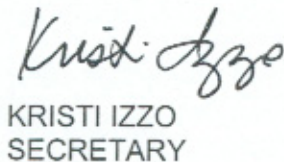
  
FREDERICK F. BUTLER  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

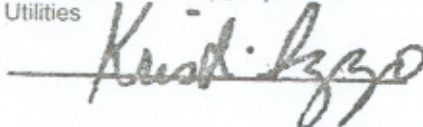
  
NICHOLAS ASSELTA  
COMMISSIONER

  
ELIZABETH RANDALL  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
Utilities





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